

TIME:Commercial Long Income | Performance update

Date: 01 July 2020

The Fund's property portfolio was valued by the independent valuer on 30 June 2020. The independent valuer has confirmed that material uncertainty continues to exist over the majority of the property portfolio due to the Novel Coronavirus (COVID-19) and consequently, the related material uncertainty clause remains on those properties within the property valuation.

Material uncertainty has been removed by the valuer on standalone food stores, logistic units and ground rents within the industrial and healthcare sectors which represents over 35% of the property portfolio. However, until such time as the valuer confirms that material uncertainty has been removed from the valuation of the remainder of the property assets, the Fund will remain suspended.

Taking the current circumstances into account and the ongoing issues faced by certain property sectors, the independent valuer has reduced the value of the portfolio by 0.74% of the Fund's net asset value (NAV). This reduction in value has resulted in the value of the Fund's shares falling by 0.62% for the month of June 2020. The Fund's total performance for the 12 months to 30 June 2020 was 0.70%.

This reduction in value has been driven by the Fund's exposure to the hotel and leisure sectors via long leases, which make up c23% of the Fund's net asset value, and the direct impact COVID-19 is having on their operations. In particular Travelodge (which represents approximately 6.4% of the Fund's NAV) who pursued a company voluntary arrangement, which was approved in June 2020. The independent valuer has this month reduced valuations on the relevant Travelodge assets by around 6% to reflect this information. This follows previous down valuations that now reflect an average decrease of 17.5% on the Fund's four individual Travelodge hotels since 29 February 2020.

We continue to be in communication with all our tenants and in particular those in the most affected sectors, to better understand the specific issues that they face and the discussions that they have had with other landlords and/or lending banks.

Rental collection for Q3 2020 has now commenced and as with Q2 2020 we anticipate collecting in excess of 80% of the quarter's rent by the end of the quarter in September 2020. Some tenants require rent to be deferred further and this is something we continue to discuss with those tenants.

Any concessions will impact the income received by the Fund in the short to medium term, and potentially the Fund's future income distributions. However, by supporting tenants through this difficult period, the Fund is focused on the value of its property portfolio in the long term.

The resilience of the Fund's overall property portfolio is demonstrated by its diversification over a number of sectors, with over 60% (by NAV) of its properties either let to the Government or in the most robust long income sectors during this period such as food stores, logistics and ground rents.

The property portfolio of the Fund will next be valued by the independent valuer at 31 July 2020 and we shall provide a further update on the Fund in early August 2020.

For more information please visit the [Document Library](#) and monitor our [website](#) for further updates.